HD

UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/938,326	08/23/2001	Frederick W. Ryan JR.	F-268	1636

919 7590 04/16/2007

PITNEY BOWES INC.
35 WATERVIEW DRIVE
P.O. BOX 3000
MSC 26-22
SHELTON, CT 06484-8000

EXAMINER	
SHAAWAT, MUSSA A	
ART UNIT	**PAPER NUMBER**
3627	

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
2 MONTHS	04/16/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Application Number: 09/938,326
Filing Date: August 23, 2001
Appellant(s): RYAN ET AL.

MAILED

APR 16 2007

GROUP 3600

Fredrick W. Ryan, Jr. et. al.
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 12/18/2006 appealing from the Office action mailed 01/26/2006.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The following are the related appeals, interferences, and judicial proceedings known to the examiner, which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal:

Statement contained in the appeal brief is correct.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

No amendment after final has been filed.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

US Patent No. (5,774,872)	Golden et al.
US Patent No. (4,970,655)	Winn et al.
US Patent No. (6,725,202)	Hurta

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claim 40,43 are rejected under 35 U.S.C. 103(a) as being unpatentable over Golden et al. in view of Winn et al.

Golden et al. disclose a) collecting by a seller information regarding remote purchases made by a buyer and storing said information in a secure tax meter (10), said secure tax meter comprising:

a secure coprocessor 16 coupled to a host computer 12,

a secure tax information database (data file 23)

a secure tax database files 28A-D, and

said secure coprocessor comprising a non-volatile memory(obvious component to any processor)

b) operating said secure tax meter for securely calculating the correct taxing jurisdictions sales and/or use tax to be paid by said buyer for remote sales(component 400 analyzes tax information places taxes into correct jurisdiction);

c) collecting by said seller from said buyer the correct sales and/or use tax(col. 7 lines 49,50 collection is done by electronic transfer);

d) operating said secure tax meter for transmitting to the correct taxing jurisdiction the aggregate totals of sales and/or use tax transactions (correct totals between jurisdiction state vs. federal). However, there is no disclosure in Golden et al of said taxing jurisdiction interrogating said secure processor to ensure the integrity thereof, g) determining whether said secure processor is functioning properly, and h) shutting down said tax meter at the instruction of said taxing jurisdiction if it is determined that said secure coprocessor is not functioning properly.

However, Winn et al. discloses a POS terminal 14 which is connected to a state authority interrogating said secure processor to ensure the integrity thereof, g) determining whether said secure processor is functioning properly (See col. 8 lines 51-68). The interrogating computer while not shutting down the POS, does cause the POS to send a notification call to an appropriate authority that a problem exists. It is deemed an obvious variant of call notification of a problem to shut something off. In addition, official notice is taken of the practice of shutting a device off e.g. "out of order" if the device is malfunctioning. The motivation being a continued monitored device.

Re claim 43: the reports generated by computer 12 at the e transfer answers this claim.

Claims 41, 42 are rejected under 35 U.S.C. 103(a) as being unpatentable over Golden et al. in view of Winn et al. as applied above and further in view of Hurta.

Golden et al. disclose the subject matter of claims 41 as set forth above. However they do not disclose an antifraud step whereby transmitting from the seller to the purchasing taxing jurisdiction a log of specific sales and use tax transactions. However, Hurta et al. do disclose an antifraud checking step whereby the paying tax customer (transponder

owner) submits his transponder payment log to the authority and the authority analyses these against its receipts numbers see col. 7 lines 18-52. It would be obvious to modify the method of Golden et al to include the log check feature of Golden et al which obviously must include some given check such as the red tagged purchase by an identifiable entity the motivation being the prevention of fraud. The motivation being the checks result in increased revenue stream for the state.

(10) Response to Argument

The examiner summarizes the various points raised by the appellant and addresses them individually.

As per appellant's arguments filed 12/18/2006, the appellant argues:

A) Golden et al., does not disclose or anticipate a secure coprocessor, preferably, is responsible for the security and accuracy of tax calculation and accounting, in addition the secure coprocessor is a tamper-resistant module, i.e., the IBM 4758 Cryptocard, in order to ensure that the seller is not able to tamper with the tax calculation and accounting functions **(see Brief, page 12-Argument A).**

Golden and/or Winn doe not disclose or anticipate the following steps **(see Brief, page 14-Argument A):**

f. Said taxing jurisdiction interrogating said secure processor to ensure the integrity thereof.

g. Determining whether said secure processor is functioning properly, and

h. Shutting down said tax meter at the instruction of said taxing jurisdiction if it is determined that said secure coprocessor is not functioning properly.

B) Neither Golden, Winn or Hurta taken separately or together disclose or anticipate giving a seller notice that a taxing jurisdiction is studying its log of all sales and use tax transaction **(see Brief, page 16-Argument B)**.

C) Francisco does not disclose or anticipate the act of permitting the buyer information segmented by the agent to be accessed by a unique identifier **(see Brief, page 17-Argument C).**

In response to **A)**, Golden, discloses a secure coprocessor as was stated in the final office action dated 01/26/2006. In response to appellant's argument that the references fail to show certain features of appellant's invention, it is noted that the features upon which appellant relies (*i.e., secure coprocessor, preferably, is responsible for the security and accuracy of tax calculation and accounting, in addition the secure coprocessor is a tamper-resistant module, i.e., the IBM 4758 Crypto-card, in order to ensure that the seller is not able to tamper with the tax calculation and accounting functions*) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). Therefore Golden et al., still meet the scope of the limitation as currently claimed.

The Examiner respectfully disagrees and would like to direct the Board of Appeals and appellant's attention to the fact that Golden was not relied upon to teach the claimed limitations mentioned above. Examiner relies on Winn as a secondary reference that was utilized to teach the deficiencies of primary reference Golden Et al., as stated in the final office action dated 01/26/2006. Winn et al discloses a POS

terminal, which is connected to a state authority interrogating, said secure processor to ensure the integrity thereof, determining whether said secure processor is functioning properly. See Winn Col. 8 lines 40-68, which states the following:

> "While the system is in the idle mode, it runs through the self testing procedure repeatedly, polling all hardware peripherals to determine and monitor the system status continuously until a customer input is detected (step 115) or a fault is detected. While in the idle mode, a local monitor mode 114 allows on-site access to authorized maintenance or other personnel to obtain internal statistics and interact with the system file information. This access is security controlled and can only be entered by means of a password and/or access control card. This is useful as a maintenance mode for the system. *A remote maintenance and monitoring capability is also provided by remote monitor mode 116*, which is available at all times while the main program is running to allow a remote computer to call up the system via the telephone line connected to the point of sale modem, allowing the remote computer and local system to exchange information at any time. *This provides a remote access to status files, data and program areas, allowing supervisory and maintenance personnel to investigate any system faults, for example, and allowing monitoring to determine when the system needs re-stocking with receipt forms, for example.Access to the files and program areas will be limited by passwords to provide multi-tiered security in this mode.* The remote monitor mode also allows the system to place an outgoing call to notify the appropriate authority should inventory be low or some other type of problem be detected during self testing."

Regarding step *h* shutting down said tax meter when the coprocessor is not functioning properly, the examiner noted in previous final action dated 01/26/2006, which states "that it is deemed an obvious variant of call notification of a problem to shut something off. In addition, official notice is taken of the practice of shutting a device off e.g. "out of order" if the device is malfunctioning". Therefore Winn et al., in view of Goldne still meet the scope of the limitations as currently claimed.

It appears that the appellant argues the motivation to combine Winn with Golden.

In response to appellant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention

where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case it would be extremely advantageous to incorporate the teachings of Winn et al., into the disclosure of Golden et al to, for the purpose stated in the previous final action dated 01/26/2006 which is to continue monitoring the device. Therefore, in view of the above evidence, Golden et al., and Winn et al., still meets the scope of the limitations as currently claimed.

In response to **B)**, The Examiner respectfully disagrees and would like to direct the Board of Appeals and appellant's attention to the fact that Golden and Winn were not relied upon to teach the claimed limitations mentioned above. Examiner relies on Hurta as a third reference that was utilized to teach the deficiencies of primary reference Golden Et al., and the secondary reference Winn et al., as stated in the final office action dated 01/26/2006. Hurta disclose an antifraud-checking step whereby the paying tax customer (transponder owner) submits his transponder payment log to the authority and the authority analysis these against its receipts number. In addition the seller is notified through the transmission approach message directly between the transponder memory and the interrogator. See col. 7 lines 18-52, which states the following:

> "In this embodiment, the value stored in the transaction register will be incremented or otherwise modified each time a successful interrogation and response transaction is completed between the transponder 14 and an interrogator 12, more specifically, the value stored in the transaction register might only be updated when a toll is debited from the transponder, thus a new receipt number will only be generated to accord with a single toll transaction. The modification of the transaction register might be effected by command from the interrogator to the transponder upon an acknowledgement signal

> from said interrogator indicating that a successful interrogation and response cycle had been completed.
>
> *One application of this transaction number data would be to submit all or some transactions from the interrogator to a host or processing unit for analysis. By this method the processing unit can compile the submitted transponder responses along with their associated transaction numbers or receipt numbers. In the event of a double inclusion of a certain number or in the event of a certain receipt number being skipped, it is likely that an error or a fraud has been committed.*
>
> By transmission of the approach message, presentation request, transaction request, transaction response, and transaction receipt, and handling the updating of information directly between the transponder memory 80, 82 and the interrogator 10 instead of directly between the smartcard 66 and the interrogator 10, the problems associated with effecting data transfers within a communications window during which the transponder lies within a interrogators beam is overcome. By the extensive security, protocols, and handshaking between the interrogator 10 and the transponder 14, security concerns associated with traditional "money on tag" applications have been largely overcome. "

Therefore in view of the above evidence, Golden et al., in view of Winn et al. in further view of Hurta, still meets the scope of the limitations as currently claimed.

It appears that the appellant argues the motivation to combine Golden et al., in view of Winn et al. in further view of Hurta.

In response to appellant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case it would be extremely advantageous to incorporate the teachings of Hurta, into the disclosure of Golden et al in view Winn et al., for the purpose stated in the previous final action dated 01/26/2006, which is to increase revenue stream for the state. Therefore, in view of the

above evidence, Golden et al., in view of Winn et al. in further view of Hurta, still meets the scope of the limitations as currently claimed.

In response to **C),** the above statement appears to have been an over site by the appellant. The reference mentioned above was not used in the final rejection. In addition the feature argued above, "wherein the buyer information segmented by the agent may be accessed by an unique identifier," is not recited in claim 43. Further more, claim 43 depends from claim 41 as in the appeal brief not from claim 36 as recited section C page 17 of the appeal brief.

(11) Related Proceeding(s) Appendix

Copies of the court or Board decision(s) identified in the Related Appeals and Interferences section of this examiner's answer are provided herein.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Mussa Shaawat

Conferees:

Ryan Zeender
Supervisor
AU 3627

4/12/07

F. RYAN ZEENDER
SUPERVISORY PATENT EXAMINER

Hani Kazimi
Primary Examiner
AU 3691

4/12

Paper No. 30

RR

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte FREDERICK W. RYAN Jr., MICHAEL W. WILSON, RONALD P. SANSONE, THERESA BIASI and VADIM STELMAN

F-175

Appeal No. 2005-0667
Application 09/634,041

ON BRIEF

Amendment due 10 Aug 2005

Before FRANKFORT, NASE, and NAPPI, Administrative Patent Judges.

FRANKFORT, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal from the examiner's final rejection of claims 1 through 6 and 8 through 16. Claims 17 through 33 stand withdrawn from further consideration under 37 CFR § 1.142(b) as being directed to non-elected species. Regarding claim 7, the only other claim in the application,

although the Index of Claims in the application file indicates that this claim has been canceled, we find no amendment of record which directs the cancellation of claim 7. Moreover, notwithstanding appellants' election of claims 1-16 for prosecution in the present application (see Paper No. 8, filed Oct. 10, 2001), the examiner has not once rejected or otherwise commented on the status of claim 7. Nor does the Notice of Appeal (Paper No. 13, filed March 27, 2002) include claim 7. Thus, although the exact status of claim 7 is not clear from the present record, what is clear is that it has not been rejected by the examiner and is not before us on appeal.

Appellants' invention relates to the collection of taxes for the sale and/or use of goods and/or services. As noted on page 3 of the specification, today, sellers are responsible for calculating taxes due based upon the location of the buyer, collecting taxes due from the buyer, accounting for taxes collected for the taxing jurisdiction, remitting taxes to the taxing jurisdiction for which they were collected, filing tax returns with each taxing jurisdiction for which taxes have been collected and supporting each taxing jurisdiction's audit of the buyer's records.

However, the specification goes on to note that there are currently approximately 6,000 jurisdictions in the United States collecting sales and/or use taxes, thereby making it an onerous task for sellers to perform the above-noted required sales and/or use tax administrative functions. Goals of appellants' invention are to better allow taxing jurisdictions to collect sales and/or use taxes on sales that are made via remote sales, i.e., via the Internet and/or catalogs, and to make it easier for sellers to comply with a taxing jurisdiction's mandated seller administrative functions. To that end, appellants' invention is directed to a method for calculating the correct taxing jurisdiction's sales and/or use taxes on sales including remote sales (catalog or Internet sales) and having the seller collect the correct taxes from the buyer, but then having a certified agent perform the remainder of the tax administrative functions of the seller for all taxing jurisdictions involved, thereby relieving the seller of as much of the burden of compliance as possible.

Looking to Figure 1 of the application for an understanding of appellants' invention, we note that when a buyer (11) makes a purchase from a seller (12), the seller transmits to a Certified Automated System (CAS) (13) the buyer location and details of the

goods and/or services purchased, whereupon the CAS calculates the correct sales and/or use taxes due for the appropriate taxing jurisdiction and communicates that information to the seller to thereby allow collection of the taxes due. A Certified Service Provider (CSP) (14), certified by all participating taxing jurisdictions, communicates with the CAS to obtain aggregated tax records for participating sellers and with sellers' banks (15) to obtain the sales and/or use taxes collected by the sellers. The CSP (agent) then performs all of the tax administrative functions of the sellers for all taxing jurisdictions involved. More particularly, the CSP will set up tax record data bases (16a, 16b . . . 16n) for each seller (12) in each taxing jurisdiction, prepare documentation (e.g., tax returns) for each taxing jurisdiction, submit such documentation to the taxing jurisdictions, submit appropriate tax revenues to the jurisdictions, and support the taxing jurisdictions during any audit process.

As noted on page 7 of the specification, of importance to appellants is the need for restricting access to the information in the seller tax record data bases (16a, 16b . . . 16n). Thus, a seller's information in those data bases is to be stored under an alias or ID number which is not normally exposed to the taxing

jurisdictions. While the taxing jurisdictions may conduct an audit using the alias or ID number, a seller's true identity would be disclosed "only if there were sufficient suspicion of fraud based upon audit data."

Independent claim 1 is representative of the subject matter on appeal, and reads as follows:

1. A method for collecting sales and/or use taxes on remote sales, said method includes the steps of:

A) collecting information regarding remote sales made by buyers;

B) calculating the correct taxing jurisdictions sales and/or use tax to be paid by buyers for remote sales;

C) collecting by sellers from buyers the correct sales and/or use tax;

D) collecting by an agent the correct sales and/or use tax received by sellers;

E) segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data base, wherein the identity of the seller is not revealed to the taxing jurisdiction; and

F) paying each taxing jurisdiction the taxes that are due.

The prior art references of record relied upon by the examiner as evidence of obviousness under 35 U.S.C. 103 are:

Longfield	5,193,057	Mar. 9, 1993
Chong	5,335,169	Aug. 2, 1994

Francisco et al. (Francisco)	6,078,899	Jun. 20, 2000
Himmel et al. (Himmel)	6,321,256	Nov. 20, 2001 (filed May 15, 1998)

State of North Carolina RFP #001185, "Pilot Program for Streamlined Sales Tax System," June 16, 2000 (RFP #001185)

Claims 1 through 5 and 8 through 16 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185 and Himmel.[1]

Claim 6 stands rejected under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185 and Himmel as applied above, and taken further in view of Longfield.[2]

Rather than reiterate the examiner's statement of the above-noted rejections and the conflicting viewpoints advanced by appellants and the examiner regarding those rejections, we refer

---

[1] We note that a copy of dependent claim 11 does not appear in the Appendix attached to appellants' corrected, substitute brief and that a correct version of this claim can be found in the original application papers filed August 8, 2000.

[2] As indicated in the advisory action mailed February 8, 2002 (Paper No. 12), the rejection of claims 1 through 5 and 8 through 16 under 35 U.S.C. § 112, second paragraph, set forth in the final rejection (Paper No. 9, page 2) has now been withdrawn.

to the final rejection (Paper No. 9, mailed Dec. 19, 2001) and examiner's answer (Paper No. 26, mailed March 9, 2004) for the examiner's reasoning in support of the rejections and to the corrected substituted brief (Paper No. 23, filed July 29, 2003) for appellants' arguments to the contrary.

OPINION

Our evaluation of the issues raised in this appeal has included a careful assessment of appellants' specification and claims, the applied prior art references, and the respective positions advanced by appellants and the examiner. As a consequence of our review, we have made the determination that the evidence relied upon by the examiner is sufficient to support a conclusion of obviousness under 35 U.S.C. § 103 with respect to the method defined in appellants' claims 1 through 6 and 8 through 16 on appeal. Our reasoning in support of that determination follows.

Before turning to the examiner's rejections of appellants' claims based on prior art, we note that it is an essential prerequisite that the scope and content of the claimed subject matter be fully understood. Our reviewing Court has emphasized

on numerous occasions that analysis of whether a claim is patentable over the prior art under 35 U.S.C. §§ 102 and 103 begins with a determination of the scope of the claim and that such interpretation begins with the language of the claim itself. The properly interpreted claim must then be compared with the prior art. See, e.g., SmithKline Diagnostics, Inc. v. Helena Laboratories Corp., 859 F.2d 878, 882, 8 USPQ2d 1468, 1472 (Fed. Cir. 1988).

Accordingly, we initially direct our attention to independent claim 1 on appeal to derive an understanding of the scope and content thereof. This claim is directed to a method for collecting sales and/or use taxes on remote sales and recites, *inter alia*, the steps of "D) collecting by an agent the correct sales and/or use tax received by sellers; E) segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases, wherein the identity of the seller is not revealed to the taxing jurisdiction; and F) paying each taxing jurisdiction the taxes that are due." In the brief (pages 14-15), appellants urge that a unique and unobvious aspect of the present invention is that an agent certified by the taxing jurisdictions who collects sales and/or use taxes on

remote sales does not reveal to the taxing jurisdiction the identity of the seller, and that it is this aspect of the invention that is not taught or suggested by the applied prior art references to Chong, Francisco, RFP #001185, and Himmel. More particularly, appellants contend that the act of keeping the claimed seller, i.e., payee, anonymous to the taxing jurisdiction is new and unobvious.

Although it appears from the tenor of appellants' argument that the agent would never reveal the identity of the seller to the taxing jurisdiction, we again note that the specification (page 7) informs us that one of appellants' intentions is to restrict access to the information in the seller tax record data bases (16a, 16b . . . 16n) created by the agent by having the seller's information in those data bases stored under an alias or ID number which is "not normally exposed to taxing jurisdictions". The specification goes on to note that the taxing jurisdictions may conduct an audit using a seller's alias or ID number, and indicates that a seller's true identity would be disclosed "only if there were sufficient suspicion of fraud based upon audit data." Thus, the specification clearly indicates that the agent may reveal the true identity of a seller to the taxing jurisdiction at some point in time.

Moreover, we observe that in the particular situation before us on appeal the limitation regarding the identity of a seller not being revealed to the taxing jurisdiction is set forth in step (E) of claim 1, which addresses "segmenting by the agent, the seller's sales and/or use taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases, wherein the identity of the seller is not revealed to the taxing jurisdiction." Thus, in our view, the limitation concerning seller anonymity is applicable only to step E) and is not limiting as to the agent otherwise revealing the identity of the seller to a taxing jurisdiction at some future time, such as, for example, at the time of paying the taxing jurisdiction the taxes that are due. It is with this view and interpretation of the claims in mind that we look to the examiner's rejections under 35 U.S.C. § 103(a).

Claims 1 through 5 and 8 through 16 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185 and Himmel. As the examiner points out in the answer (page 4) RFP #001185 addresses a streamlined sales tax system and method that is very similar to that defined in appellants' claims on appeal. More particularly, RFP #001185 (Appendix A) discloses a system wherein the states

assume a large share of the responsibility for sales tax administration by establishing joint certification standards for both a certified service provider (CSP) and a certified automated system (CAS), by designating qualified entities and systems as a CSP and a CAS, and by providing incentives for the use of a CSP or CAS. One of those incentives is that a retailer (seller) using the system is subject to reduced liability for any errors resulting from proper use of a CAS and also to a reduced audit scope. As noted on page 26, the system in RFP #001185 is particularly designed for retailers that make remote sales.

Model 2 in Appendix A of RFP #001185 (page 27) discusses a retailer's use of a certified automated system (CAS) and notes that under the system a retailer may select a CAS to perform one part of the retailer's sales tax administration function, i.e., that of determining the amount of tax due on a particular transaction. More specifically, the CAS will determine whether an item is taxable in the appropriate taxing jurisdiction, at what rate, and whether the purchaser is exempt from tax, and subsequently communicate that information to the retailer. To that end, the retailer using the disclosed system establishes an interface with the CAS, and then relies on the CAS to calculate the tax due. The retailer is responsible for collecting the

appropriate tax from the purchaser and is liable for the tax due. Under Model 1 of RFP #001185 (page 25), a retailer selects a certified service provider (CSP) as an agent to perform all of the retailer's sales tax functions. The agent, who is compensated by the taxing jurisdiction, then determines the amount of tax due, pays the taxes to the states or other taxing jurisdictions, files returns with the necessary taxing jurisdictions using a CAS, and maintains a record of the transactions.

Chong discloses a computerized system and method for tracking multiple types of sales tax assessments for different taxing authorities on different types of sales transactions with customers. The system is designed particularly for companies operating in national or global markets that frequently conduct sales transactions in a number of taxing jurisdictions and/or are subject to a number of taxing authorities within the same or different jurisdictions. Chong notes that such companies often sell different types of goods or services to different types of customers that may be taxable at different rates, and that the companies are thus required to collect many different types and percentages of sales or excise taxes, and to report their sales transactions and collected taxes to each applicable taxing

jurisdiction or authority. An objective of the system in Chong is to automatically track the appropriate sales tax rates, the sales types, and proper taxing jurisdiction for the user (seller) for each given transaction and to determine the amount of tax due on a particular transaction. Figure 3 of Chong shows a logic diagram of the steps for entering a sales transaction. The system also includes a sales tax reporting module for sorting the sales records by taxing authority, tax types, and sales types, and for creating a sales tax report for each taxing authority showing total sales amounts and sales tax amounts for each of the sales types. Figure 4 of Chong shows a logic diagram of the steps for sorting and generating a sales tax report.

Francisco discloses a point of sale tax reporting and automatic collection system and method that automatically reports all retailer transactions and sales tax collected by retailers from customers to local and federal government authorities and then automatically collects the sales tax amounts from retailer accounts so as to prevent retailers from avoiding the payment of collected sales taxes to the appropriate taxing jurisdictions. In column 2, lines 33-47, Francisco discusses the system of Chong and notes that while it enables the user to keep track of appropriate sales tax rates, sales types, etc., the system does

not act to ensure that all retailer transactions and sales tax collected thereon are reported and forwarded to the appropriate authorities. The automatic system and method of Francisco seeks to correct that problem by having an automated agent or "first computer and first memory" (13, 19) collect and save transaction and sales tax data at a remote location from the retailer and periodically (e.g., daily) access and debit an account of the retailer, with the amount debited corresponding to the amount of sales tax paid to the retailer by consumers.

Himmel discloses a method and apparatus for detecting, storing and retrieving information, including duration of view time, concerning advertisements included with Web pages seen by a particular user, and thereafter using the stored information in controlling access of that user to subsequent Web pages and/or to dynamically alter the content of subsequently requested Web pages to reflect the user preferences indicated.

From the examiner's perspective, the collective teachings of Chong, RFP #001185, Francisco and Himmel would have been suggestive to one of ordinary skill in the art at the time of appellants' invention of a method for collecting sales and/or use taxes on remote sales like that claimed by appellants. More

particularly, the examiner urges (answer, pages 7-9) that Chong discloses a method for collecting sales taxes on remote sales including the steps of collecting information regarding remote sales made by buyers, calculating the correct taxing jurisdictions sales and/or use taxes to be paid by the buyers for the remote sales and collecting by sellers from buyers of the correct sales and/or use tax. Chong also discloses segmenting of the seller's sales taxes and the information collected by the sellers for particular taxing jurisdictions into different data bases (Fig. 4) and subsequently paying each taxing jurisdiction the taxes that are due. What Chong lacks is any teaching or suggestion of an agent or certified service provider (CSP) for collecting the correct sales taxes from the seller/retailer and performing the retailer's further sales tax functions, such as the segmenting of information by taxing jurisdictions, payment of the taxes to the states or other taxing jurisdictions, filing tax returns with the necessary taxing jurisdictions, and maintaining a record of the transactions.

However, we agree with the examiner that the combined teachings of Chong, Appendix A of RFP #001185 and Francisco would have been generally suggestive to one of ordinary skill in the art at the time of appellants' invention of having an agent or

is clear to us that when an agent or CSP acts for a retailer like that in Chong by the agent collecting the taxes received by the retailer and performing the segmenting of information by taxing jurisdictions, the payment of taxes to the taxing jurisdictions, and the filing of tax returns with the necessary taxing jurisdictions, as suggested by the combined teachings of Chong, RFP #001185 and Francisco, that during the segmenting step the information concerning seller identity is entirely under the purview and control of the agent/CSP and is not at that point in time revealed to the taxing jurisdictions. Thus, the method as broadly set forth in claim 1 on appeal would have been obvious to one of ordinary skill in the art at the time of appellants' invention based on the collective teachings and suggestions of the applied prior art.

We emphasize again that the claims before us on appeal only require the agent to maintain the identity of the seller secret at a particular time during the process (i.e., during the segmenting step) and not, as appellants seem to believe, that the agent must refrain from revealing the identity of a seller to a taxing jurisdiction at all times, and especially at the time of reporting and paying the taxing jurisdiction the taxes that are due and/or during any subsequent audit procedure.

is clear to us that when an agent or CSP acts for a retailer like that in Chong by the agent collecting the taxes received by the retailer and performing the segmenting of information by taxing jurisdictions, the payment of taxes to the taxing jurisdictions, and the filing of tax returns with the necessary taxing jurisdictions, as suggested by the combined teachings of Chong, RFP #001185 and Francisco, that during the segmenting step the information concerning seller identity is entirely under the purview and control of the agent/CSP and is not at that point in time revealed to the taxing jurisdictions. Thus, the method as broadly set forth in claim 1 on appeal would have been obvious to one of ordinary skill in the art at the time of appellants' invention based on the collective teachings and suggestions of the applied prior art.

We emphasize again that the claims before us on appeal only require the agent to maintain the identity of the seller secret at a particular time during the process (i.e., during the segmenting step) and not, as appellants seem to believe, that the agent must refrain from revealing the identity of a seller to a taxing jurisdiction at all times, and especially reporting and paying the taxing jurisdiction the due and/or during any subsequent audit procedure

As for the Himmel patent relied upon by the examiner for a general teaching/suggestion regarding the practice of restricting access to files in the environment of the Internet, we find the examiner's reliance on this patent to be unnecessary and treat it as mere surplusage.

In light of the foregoing, the examiner's rejection of independent claim 1 under 35 U.S.C. § 103(a) is sustained.

Concerning dependent claims 2 through 5 and 8 through 16, we observe that appellants have indicated in Grouping (A) on page 11 of their corrected, substituted brief that these claims "stand or fall together with regards to the rejection under 35 U.S.C. § 103(a)." However, appellants then go on to set forth other groupings (B) through (F) of the claims on appeal and to present arguments on pages 16-19 of the corrected, substituted brief addressing certain of those claims. After due consideration, and based on appellants' groupings, we conclude that claims 2 through 4, 10, 11 and 15 will fall with claim 1, from which they depend, since appellants have not presented any separate argument addressing the patentability of those claims. As for claims 5, 6, 8, 9, 12, 13, 14 and 16, we will respond to the arguments presented by appellants.

Concerning claims 5 and 6, we find that the combined teachings of Chong, Appendix A of RFP #001185 and Francisco would have been suggestive of an agent or CSP filing reports (e.g., tax returns) with the taxing jurisdictions. Note particularly, the disclosure in Appendix A of RFP #001185 on pages 25 and 26, where it is specifically noted that the CSP will file tax returns for the taxes due. Note also that appellants concede on page 16 of their corrected, substituted brief that Longfield discloses the filing of tax returns by an agent. Thus, appellants' argument, which appears to rely heavily on the limitation in claim 1 concerning seller identity not being revealed to the taxing jurisdiction, is not persuasive. Therefore, the examiner's rejection of claim 5 based on the collective teachings of Chong, Appendix A of RFP #001185 and Francisco, and that of claim 6 based on the collective teachings of Chong, Appendix A of RFP #001185, Francisco and Longfield will be sustained.

Regarding claims 8 and 9, they respectively set forth that buyer (claim 8) and seller (claim 9) information segmented by the agent in claim 1 "may be accessed by an identification number." Like the examiner, we note that Chong involves a system and method wherein information regarding a particular customer or buyer is indexed to a customer identification number or code and

examiner's rejection of claim 12 under 35 U.S.C. § 103(a) will be sustained.

Claim 13 addresses the step of "notifying a seller that a taxing jurisdiction is studying its segmented sales and/or use taxes collected," while claim 14 sets forth a limitation that the seller will be able to review the segmented sales and/or use taxes collected before the taxing jurisdiction studies the sellers segmented sales and/or use taxes collected. In this instance, we note that it is conventional for a taxing jurisdiction to notify a retailer/seller of an impending audit and, as indicated in the Background portion of appellants' own specification (page 3), to send a representative of the taxing jurisdiction to visit the retailer. Thus, we view the broadly recited notice limitation of claim 13 as being obvious to one of ordinary skill in the art at the time of appellants' invention. As for the ability of the seller to review the segmented sales and/or use taxes collected before the taxing jurisdiction studies the sellers segmented sales and/or use taxes collected, we direct attention to the sales tax report noted in Chong (col. 6, lines 30-68) and the verifying computer (41) of Francisco, both of which would allow a seller to review the segmented sales and/or use taxes collected at any time in the process, and especially

before the taxing jurisdiction studies the sellers segmented sales and/or use taxes collected. Thus, the examiner's rejection of claims 13 and 14 under 35 U.S.C. § 103(a) will be sustained.

Claim 16 adds to claim 1 the requirement that the taxing jurisdictions pay the agent for services rendered. This limitation is expressly addressed in Appendix A of RFP #001185 (page 25) wherein it is noted that the agent/CSP will be compensated by the states (taxing jurisdictions) on a per transaction basis, a percentage basis, or some combination of those methods. Thus, the examiner's rejection of claim 16 under 35 U.S.C. § 103(a) will be sustained.

In light of the foregoing, the examiner's decision rejecting claims 1 through 5 and 8 through 16 under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185 and Himmel, and rejecting claim 6 under 35 U.S.C. § 103(a) as being unpatentable over Chong in view of Francisco, Appendix A of RFP #001185, Himmel and Longfield is affirmed.

However, since our rationale for sustaining the above-noted rejections on appeal is somewhat different than that set forth by the examiner, especially with regard to the limited

interpretation of claim 1 and a more in-depth discussion of many of the dependent claims, we denominate our affirmance as constituting new grounds of rejection under 37 CFR § 41.50(b).

This decision contains a new ground of rejection pursuant to 37 CFR § 41.50(b) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)). 37 CFR § 41.50(b) provides "[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review."

37 CFR § 41.50(b) also provides that the appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

> (1) *Reopen prosecution.* Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner. . . .
>
> (2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same record. . . .

AFFIRMED, 37 CFR § 41.50(b)

Charles E. Frankfort

CHARLES E. FRANKFORT)
Administrative Patent Judge)
)
)
)
JEFFREY V. NASE) BOARD OF PATENT
Administrative Patent Judge) APPEALS AND
) INTERFERENCES
)
)
ROBERT E. NAPPI)
Administrative Patent Judge)

CEF:pgc

Appeal No. 2005-0667
Application 09/634,041

Pitney Bowes Inc.
35 Waterview Drive
P.O. Box 3000
MSC 26-22
Shelton, CT 06484-8000